

FACTORS AFFECTING GROWTH OF DAIRY INDUSTRY IN KENYA
(A CASE STUDY OF GITHUNGURI DAIRY FARMERS COOPERATIVE
SOCIETY)

BY

BILHA WAIRIMU WANJIKU

BML/10/00319/1/2015

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MANAGEMENT
AND LEADERSHIP SPECIALIZED IN ADMINISTRATION AND
MANAGEMENT OF THE MANAGEMENT UNIVERSITY OF AFRICA.

OCTOBER, 2017

DECLARATION

Declaration by the Student

This research study is my original work and has not been presented to any other examination body. No part of this research should be reproduced without my consent or that of the Management University of Africa.

Name: Bilha Wairimu Wanjiku Sign:..... Date:

(BML/10/00319/1/2015)

Declaration by the Supervisor

This research project has been submitted with my approval as The Management University of Africa Supervisor.

Mr. Leonard Wambua Sign: Date:

Lecturer Supervising

For and on behalf of The Management University of Africa

Name: Sign:..... Date:.....

DEDICATION

This research project is dedicated to my family for their encouragement throughout my study.

ACKNOWLEDGEMENT

This research project has been possible owing to the support of several persons that I wish to acknowledge:

I would like to appreciate Mr. Leonard Wambua my steering supervisor for the valued counsel, guidance, and patience throughout the entire period.

I acknowledge the Management University of Africa for the opportunity to undertake my studies at the institution and for the exhilarating intellectual discourse during the entire period of my studies.

I also extend this to my classmates and friends for all their support and understanding during the period.

I acknowledge the management and employees of Githunguri Dairy Farmers Cooperative Society for their support and cooperation during my research project.

ABSTRACT

The research project undertook a case study of Githunguri Dairy Farmers Cooperative Society. The intention of the study was to probe the factors affecting the growth of dairy industry in Kenya. The objective of the survey was to define how tax policy, politics, interest rate and government support affect dairy industry in Kenya. The researcher used descriptive design in the study. The population of the study was 600 employees of Githunguri Dairy Farmers Cooperative Society who served in different Departments. Sample size was 60 respondents which was obtained by use of stratified sampling proficiency. Data was edited, classified, coded, tabulated and presented using tables, pie charts and graphs then analyzed using Microsoft excel. Findings indicated that 56% of the respondents felt that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent, 25% to a large extent, 12% to a moderate extent, 6% to a low extent and 1% to a very low extent. Findings indicated that 54% of the answerers viewed that politics impact the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent, 27% to a large extent, 14% to a moderate extent, 4% to a low extent and 1% to a very low extent. Findings indicated that 53% of the answerers agreed that interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent, 28% to a large extent, 17% to a moderate extent, 1% to a low extent and 1% to a very low extent. Findings indicated that 51% of the respondents agreed t government support involve the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent, 30% to a large extent, 18% to a moderate extent, 1% to a low extent and none to a very low extent. Government need to provide competent tax policy on dairy farmer's cooperative society this will help Githunguricooperative society to carry out their duties hence enhance the growth of the organization. Politicians need to carry out their politics in a peaceful manner so as provide a conducive environment where dairy farmer's cooperative societies are able operate in a good environment. Managers of dairy farmer's cooperative societies need to find loan assistance from financial institutions that provide loan at a favorable interest rate which will help the society to achieve their goals and objectives. Government need to provide policies that contribute to supporting the continuous growth of thedairy farmer's cooperative societies.

TABLE OF CONTENT

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT.....	iv
ABSTRACT	v
LIST OF FIGURES.....	x
LIST OF ABBREVIATIONS & ACRONYMS.....	xii
CHAPTER ONE	1
INTRODUCTION OF THE STUDY	1
1.1 Introduction.....	1
1.2 Background of the Study	1
1.3 Statement of the Problem	3
1.4 Objectives of the Study	5
1.5. Research questions	5
1.6 Significance of the Study.....	6
1.7 Limitation of the Study.....	6
1.8 Scope of the Study.....	7
CHATER TWO	8
LITERATURE REVIEW.....	8
2.1 Introduction.....	8
2.2 Theoretical Review	8
2.3 Empirical Review	9
2.4 Critical Review	16
2.5 Summary and Gaps to be Filled.....	17
2.6 Conceptual Framework	17
CHAPTER THREE.....	19
RESEARCH DESIGN AND METHODOLOGY	19
3.1 Introduction.....	19
3.2 Research Design.....	19
3.3 Target Population	19
3.4 Sample Design	20

3.5. Data Collection Methods and Instruments	20
3.6 Data Analysis and Presentation	21
CHAPTER FOUR	22
DATA ANALYSIS, PRESENTATION & INTERPRETATION OF FINDINGS	22
4.1 Introduction.....	22
4.2 Presentation of findings	22
4.3 Summary of Data Analysis	41
CHAPTER FIVE	43
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.....	43
5.1 Introduction.....	43
5.2 Summary of major findings	43
5.3 Conclusion	44
5.4 Recommendation	44
5.5 Suggestions for further studies.....	45
REFERENCES	46
APPENDICES	i
APPENDIX I: QUESTIONNAIRE.....	i

LIST OF TABLES

Table 3.1 Target Population	22
Table 3.2 Sample Design.....	23
Table 4.1 Response rate.....	25
Table 4.2 Gender of respondents.....	26
Table 4.3 Marital Status of the Respondents.....	27
Table 4.4 Age Bracket of the Respondents.....	28
Table 4.5 Highest Level of Education.....	29
Table 4.6 Year of Experience.....	30
Table 4.7 Analysis on whether tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.....	31
Table 4.8 Analysis on how tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.....	32
Table 4.9 Analysis on to what extent tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.....	33
Table 4.10 Analysis on whether politics affects the growth of Githunguri Dairy Farmers Cooperative Society.....	34
Table 4.11 Analysis on how politics affects the growth of Githunguri Dairy Farmers Cooperative Society.....	35
Table 4.12 Analysis on to what extent politics affects the growth of Githunguri Dairy Farmers Cooperative Society.....	36
Table 4.13 Analysis on how important interest rate is on the growth of Githunguri Dairy Farmers Cooperative Society.....	37

Table 4.14 Analysis on whether interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.....	38
Table 4.15 Analysis on to what extent interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.....	39
Table 4.16 Analysis on whether government support affects the growth of Githunguri Dairy Farmers Cooperative Society.....	40
Table 4.17 Analysis on to what extent government support affects the growth of Githunguri Dairy Farmers Cooperative Society.....	41
Table 4.18 Analysis on how government support affects the growth of Githunguri Dairy Farmers Cooperative Society.....	42

LIST OF FIGURES

Figure 2.3 Conceptual framework.....	20
Figure 4.1 Response rate.....	25
Figure 4.2 Gender of respondents.....	26
Figure 4.3 Marital Status of the Respondents.....	27
Figure 4.4 Age Bracket of the Respondents.....	28
Figure 4.5 Highest Level of Education.....	29
Figure 4.6 Year of Experience.....	30
Figure 4.7 Analysis on whether tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.....	31
Figure 4.8 Analysis on how tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.....	32
Figure 4.9 Analysis on to what extent tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.....	33
Figure 4.10 Analysis on whether politics affects the growth of Githunguri Dairy Farmers Cooperative Society.....	34
Figure 4.11 Analysis on how politics affects the growth of Githunguri Dairy Farmers Cooperative Society.....	35
Figure 4.12 Analysis on to what extent politics affects the growth of Githunguri Dairy Farmers Cooperative Society.....	36
Figure 4.13 Analysis on how important interest rate is on the growth of Githunguri Dairy Farmers Cooperative Society.....	37

Figure 4.14 Analysis on whether interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.....	38
Figure 4.15 Analysis on to what extent interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.....	39
Figure 4.16 Analysis on whether government support affects the growth of Githunguri Dairy Farmers Cooperative Society.....	40
Figure 4.17 Analysis on to what extent government support affects the growth of Githunguri Dairy Farmers Cooperative Society.....	41
Figure 4.18 Analysis on how government support affects the growth of Githunguri Dairy Farmers Cooperative Society.....	42

LIST OF ABBREVIATIONS & ACRONYMS

CMA	Capital Markets Authority
NSE	Nairobi Stock Exchange
PE	Permanent Establishment
PIN	Personal Identification Number
KRA	Kenya Revenue Authority
PAYE	Pay As You Earn
VAT	Value Added Tax
WBG	World Bank Group
IMF	International Monetary Fund
KEU	Kenya Economic Update
KNBS	Kenya National Bureau of Statistics
MDGs	Millennium Development Goals
KBA	Kenya Bankers Association
CBK	Central Bank of Kenya
NSE	Nairobi Stock Exchange
KRA	Kenya Revenue Authority
RDCoE	Regional Dairy Centre of Excellence
SDP	Smallholder Dairy Project

COMESA	Common Market for Eastern and Southern Africa
PMP	Project Management Professionals
ILRI	Internal Livestock Research Institute
ERS	Economic Recovery Strategy for Wealth and Employment
SRA	Strategy for Revitalization of Agriculture
KCC	Kenya Creameries Cooperatives

DEFINITION OF TERMS

Tax policy	The choice by a government as to what taxes to levy, in what amounts, and on whom (Amadiou, 2009).
Politics	The social relations involving intrigue to gain power or authority (Barnard, 2008).
Interest Rate	It is the amount of money aerated,explicit as a part of rationale by a loaner to the borrower for use of assets (Afolabi, 2004).
Government Support	Financial help given by the government (Amaeshi, 2006).

CHAPTER ONE

INTRODUCTION OF THE STUDY

1.1 Introduction

Here, study background, problem statement, objectives and questions are to be presented. Study significance, scope and the limitations have been discussed.

1.2 Background of the Study

A Dairy Farm is a business organization established for harvesting or processing of animate being milk from goats, sheep, cows, camels, horses among others for human being to consume (Staal, 2010). Dairy involves processing of the raw milk using processes such as pasteurization, homogenization and chilling to get the final products such as fresh milk, milk powder, yoghurt, cream and cheese. Countries dairy structure varies definitely; some countries distribute their milk in whole sale markets while others distribute using retail markets. For example, Ireland and Australia agriculturists' cooperatives claim some extensive scale processors, while in United States numerous ranchers and processors work together through individual contracts (Robbins, 2008). Developing countries farmers, market their milk products in their own neighborhoods and in retail centers like Kenya, is changing speedily (Muriuki, 2012).

As dairy cultivate develops bigger, they have a tendency to get greater, more modernized and viable (Osemeke, 2007). This mechanical propensity continues producing costs lower; the requirement for long-separate transportation regularly expands the natural debasement. Drain handling is sporadic, contingent upon dairy animals' science. Dairy agriculturists must be customizable to the blend of drain which is sold in fluid shape versus prepared nourishments, for example, spread and cheddar relying upon changing free market activity. Creatures that deliver drain have been trained for quite a long time of years. Right off the bat, they were a piece of the business sort of cultivating that drifter occupied with, as the pastoralist moved from place to place to discover new field for their domesticated animals. Creatures and the herder's common connection originated from guarding and sustaining them (Gate wood, 2005). People in farm in gowned dairy

animals they draw milk from local consumption. Animals can be utilized for plough pulling, and finally for meat. Animals were hand milked as they were not many and done in less than an hour (Girtman, 2006). With modern industries that have been situated all over the country, the distribution of milk has become a trade, with special breeds of cattle being expanded in dairy farm. Many people were employed as milkers, which was soon taken over by modern technologies. The draining and the preparation of milk were carried out in place close together, in space and time on a dairy farm. Milking animals by hand on farms where only small numbers of animals were reared, hand draining is still being practiced today. Hand-draining involves holding the teats in the hand and draining (Filicetti, 2007).

The dairy farm industries in Kenya are managed by a few big companies and a high number of small and medium business men. Despite the number of authorized dairy farm is higher, about 30 farm dairies are actively manufacturing and serving their products through the normal retail channels in a good way. Large scale farm dairies manufacture high value products including flavoured milk, yoghurt, cultured milk and butter. (Griffith, 2000).

1.2.1 Profile Githunguri Dairy Farmers Cooperative Society

Githunguri dairy farm is one of the largest dairy farms in Kenya. Githunguri dairy farm was established in the year 1960 when 30 farmers who had small dairy farm got united with the purpose of upgrading their farm dairy and advertising likelihood of their products. The companies have about 18,000 members and their collection center's increased from 1 to around 78. The year 2006, they had increased their income and size of the dairy industry, and two years later the National Company of the year accorded the company as the best upgraded farm dairy in the Kenya compared to other dairy farms in Kenya. Farmers in Githuguri dairy persist to enhance their quality and a production standard, the production is about 19,000 litres of milk in a day. The dairy farm is the third largest dairy farm in Kenya compared to other dairy farms, and it has amended the aspect of dairy farms in Kenya. The companies have two categories of members, the society

level and the plant operation levels. The society level role is advertising their products and looking for new markets and the operation lever role is production operations.

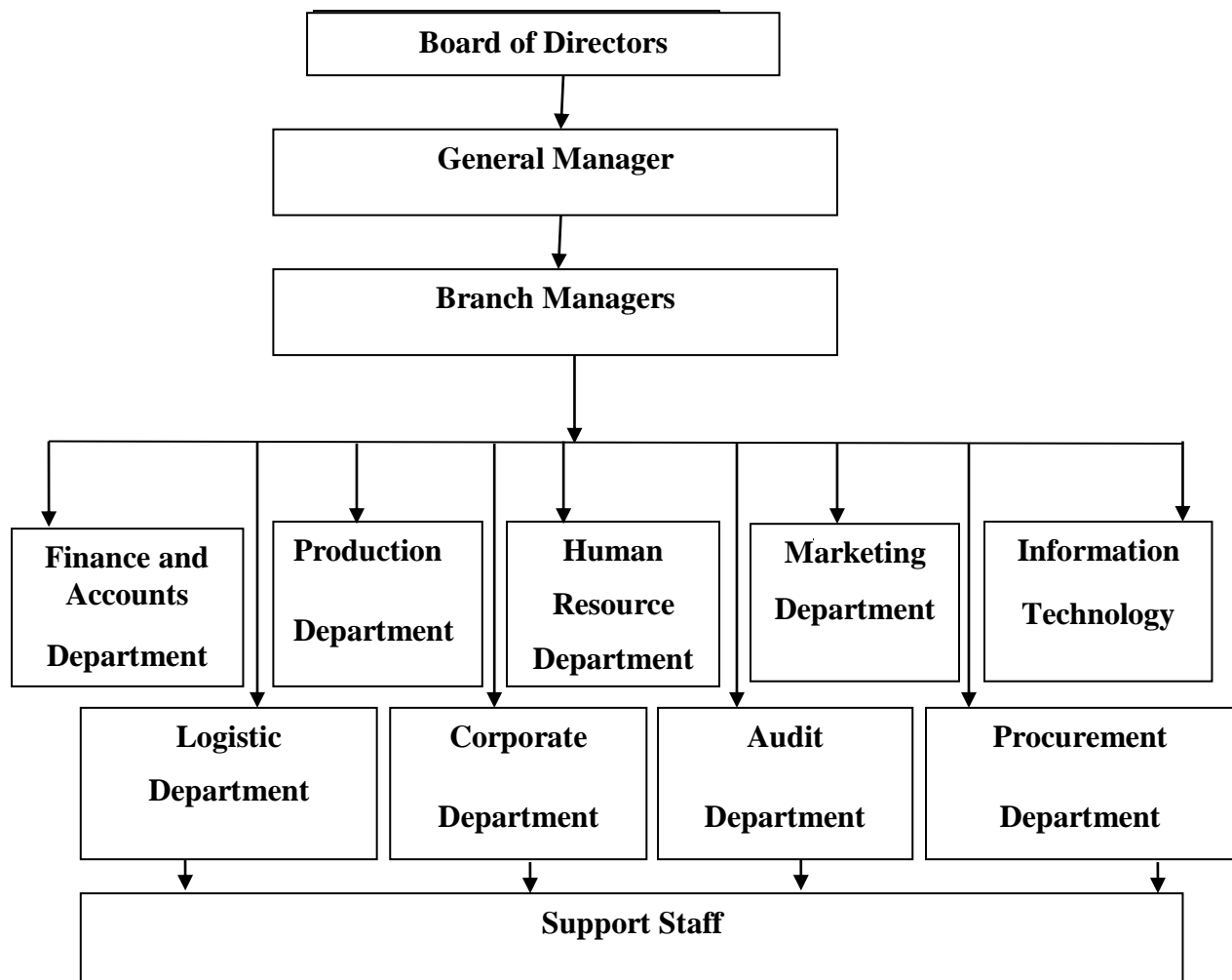


Figure 1.1 Organizational Structure of Githunguri Dairy Farmers Cooperative Society

Source: Githunguri Dairy Farmers Cooperative Society (2017)

1.3 Statement of the Problem

According to James (2003) the dairy industry in Kenya constitutes of manufacturing of raw milk into products such as consumer milk, crackers, bleu, curd, a bridged milk, milk powder and ice cream. The dairy industry farms in Kenya is the sole biggest dairy sub-sector and provided hundreds billion to the gross domestic product in the year 2003. Dairy farm industries is a essential sector in poverty eradication in bucolic and city are as it

provides food and commercialization and increased household incomes. Dairy farm industry sector is described by many small farmers, who bring total output of production to 80-90%. Dairy farm system helped significantly to improvements of the dairy farms hence emergence of the K.C.C (Kenya Creameries Cooperatives). The country has 1.6 million milk based businesses and is recognized in vision 2030 as boosters of economic growth. Although production of dairy products on average at national level has improved over the years, several house occupants persist to be poor and an economic condition of limited access to adequate food. This is because most of this development has been due to increase in the number of farmers joining the farm dairy in Kenya while the prevailing businesses have performed dismally. This is depicted by the low productivity of the animals at an average of 1600 litres per cow in a year.

Dairy farmers in Kenya encounter difficulties on low interest rate offered by the corporate societies this leads to decrease on the performance of dairy farms in Kenya. This research investigated the effect of this in the current market. Institutions providing funds need to provide favorable interest rate on the loans provided to dairy farmers in Kenya. The government has a duty to play on making decision on the interest rate this calls for involvement of government agents on dairy farming through financial sector. This particular research investigated on factors impacting growth of dairy industry. Government of Kenya over the past decade has established the difficulties been encountered in dairy farms and interventions such as revival of the New Kenya cooperative creameries, restriction of milk powder importation and infrastructure improvement have been put in place. The dairy farm in Githunguri dairy farmers cooperative are characterized by low productivity and profitability despite of the potential of the dairy cows to produce up to 8000 litres of milk per cow in a year. Review investigated the factors impacting growth of dairy industry in Kenya by analyzing the selected factors such as tax policy, politics, interest rate and government support that have significance in the dairy industry growth (James, 2005).

1.4 Objectives of the Study

Review main investigating factors impacting growth of dairy industry.

1.4.1 Specific Objectives

Specific objectives of the study were;

- i. To determine the effect of tax policy on the growth of Githunguri Dairy Farmers Cooperative Society.
- ii. Establish the role of politics on the growth of Githunguri Dairy Farmers Cooperative Society.
- iii. Examine the impact of interest rate on the growth of Githunguri Dairy Farmers Cooperative Society.
- iv. Find out the extent government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

1.5. Research questions

The following research questions guided the study;

- i. How tax policies affect the growth of Githunguri Dairy Farmers Cooperative Society?
- ii. To what extent does politics affect the growth of Githunguri Dairy Farmers Cooperative Society?
- iii. How does interest rate affect the growth of Githunguri Dairy Farmers Cooperative Society?
- iv. How does of government support affect the growth of Githunguri Dairy Farmers Cooperative Society?

1.6 Significance of the Study

Review was important in the following ways:

1.6.1. Management of Githunguri Dairy Farmers Cooperative Society.

The research will assist the management of Githunguri Dairy Farmers Cooperative Society to gain information on better ways of enhancing the growth of their society thereby competing effectively within the current market.

1.6.2 Government

The research will be of great benefit to the government on applying policies that will affect the dairy industry positively hence enhance their growth leading to economic growth of the nation.

1.6.3 Researchers and Research institutions

The research will help interested persons mostly students to use this research as reference material.

1.7 Limitation of the Study

1.7.1 Fear

Some questionnaires were left blank by some respondents. This put the researcher in position of not being able to deduce her position concerning the issues raised in the questionnaire. The researcher assured the respondents that the information was treated with a lot of confidence.

1.7.2 Unreturned questionnaires

Some of the questionnaires were not returned thus the information needed was not obtained. A reminder letter was written to respondents to remind them about unreturned questionnaires. The researcher persisted that the questionnaires be returned by continuously reminding them.

1.7.3 Lack of cooperation

The management was not very cooperative because they were suspicious that the research was to be used on their company by their competitors. The researcher gave them an assurance that the information they gave was treated with the ultimate confidence and used for academic purpose only.

1.8 Scope of the Study

Review focused on factors affecting growth of dairy industry. Review was conducted out in Githunguri Dairy Farmers Cooperative Society. Githunguri Dairy Farmers Cooperative Society is located in Kiambu/Githunguri Road Karuri, Eastern Karuri. It has the following departments: Finance and accounts, production, human resource, marketing, information technology, logistics, corporate, audit and procurement departments. The following sub-topics were used during the review. They include tax policy, politics, interest rate and government support. The study targeted 600 employees. Stratified sampling technique was used in selecting a sample of 60 respondents to be carried out between January 2017 and June 2017.

CHATER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter contains reviewed literature on factors affecting growth of dairy industry in Kenya. The following sub-topics were used during the review. They include: tax policy, politics, interest rate and government support. Critical review and summary of the gaps were identified. Finally, conceptual framework of study was presented.

2.2 Theoretical Review

When management theories are implemented, there is an increase in productivity and service quality. Managers expend different theory or concept when they carry out strategies in the workplace. Managers apply a number of theories, in the workplace, aim and manpower. Theory of contingency and chaos theory are most adapted management theories by many organizations Weber (2007). Theory X and Y, addresses management strategies for manpower motivation, is also applied to help increase worker productivity and quality delivery.

2.2.1 Contingency Theory

Effective leadership relies not only on the style of leading but on the control over a situation, eventually managers make decisions depending on the situation at hand. Managers make decisions depending on the environment and work at hand; there is no best way to make decisions, Mallins (2014). Managers in a Githunguri Dairy Farmers Cooperative Society may want to utilize a leadership approach that includes participation from workers, while a manager in Brookside Dairy Limited may want to use bureaucratic approach.

2.2.2Chaos Theory

Some issues and fortunes in accompany can be controlled, while others cannot be controlled. Theory of chaos recognizes that change is an avoidable and is not often controlled. While organizations maturate, it becomes complex to organize events, Weber

(2007) and the organizations implement strategies to maintain the new level of complexity, organizations implement strategies needed for stability, and system continue to evolve and change.

2.2.3 Douglas McGregor's Theory X and Theory Y

Every situation requires a manager to think, Theory X and Theory Y was an idea from Douglas McGregor, D. (1960) there are two different perceptive in these two theories. Theory X is based on assumptions which managers have about their workers. Theory X are manager who believes that most people do not like work, they are self- centered and lack responsibility and they resist change and they are not capable in creativity while Theory Y is based on assumptions that managers have about their workers. In theory Y, managers believe that the workers like work, they are responsible and have creativity capability and are not motivated by materials but also the sense of belonging, involvement in decision making and work being delegated to them. Theory X managers use autocratic approach while Theory Y managers use democratic approach style.

2.3 Empirical Review

2.3.1 Tax Policy

According to John (2004) tax policy is the decision by a government as to what taxes to impose. It has both the branch of economics that studies the economy of consumers or households and the branch of economics that studies the overall working of national economy aspects. The branch of economics that studies the economy of consumers or household's aspects concern the overall quantity of taxes to collect, which can conversely influence the level of is one component of policy activity.

Morisset & Pirnia (2011) did a study on the importance of tax policy on North Ireland dairy farmers. This study revealed that tax policies have generally been recognized as key factor to their success in attracting dairy global investors. The impact of tax rates on investment decisions is by large higher on dairy export-oriented companies than those seeking the residential market or area particular points of interest hence a more positive response to tax incentives.

An investment policy study conducted in Botswana by the OECD (2013) on its investment policy supports the view that tax incentives are a major contributor to the dairy industry growth. Botswana was amongst the poor countries of the world but after few decades it had a fast-economic growth rate in the world and its now an upper middle-income developing economy. Its growth performance is owed to the good management of natural resources and good governance which have created a good and stable political and economic environment. The study revealed that farmers in the country receives all the required tax incentives which have encouraged value addition in the dairy industry.

A study conducted by Techno Serve (2013) on the dairy sector in Kenya found that some elements of taxation policy affect value addition to dairy products. For example, there is a high level of taxation for yoghurt processing versus other forms of processing. This suggests a need to re-evaluate the taxation policy on value addition to dairy products in order to encourage investment in value addition activities.

However, the Kenyan government has recognized that the current level of tax incentives presents a problem and has committed itself to rationalizing and reducing them and this is best demonstrated by the recent amendments to the VAT Act which removed most of the tax incentives except on some machinery, agricultural produce, basic commodities and exports. This definitely is a good place to start just as it was the case when VAT was first introduced into law with very few zero-rated items as it will enable the government seal the many loopholes in revenue collection and increase the tax base and revenue collections. If countries are to eradicate poverty and hunger, then they will need to do so by increasing their own public finances mainly through increased tax revenues. Poverty cannot be eradicated if developing countries are unable to raise adequate revenues to provide for the needs of their own citizens and drive economic growth in their own countries (Action aid, 2013).

2.3.2 Politics

According to Amadiou (2009) politics is the series of actions of settling on choices concerning to all individuals from each gathering. It implies accomplishing and rehearsing spots of organization dealt with control over a human gathering, particularly a

legislature. Governmental issues is the investigation or routine with regards to the appropriation of energy and resources inside a given ethnicity this is regularly a positioned composed populace the interconnection between ethnicities (Barnard, 2008). Differing systems are developed in administrative issues, which consolidate progressing or driving one's own specific political emotions among people, course of action with other political subjects, making laws, and honing power, including battling against foes.

De Swardt (2013) noticed that following the foundation of Dairy Industry Control Boards in numerous nations, a shared conviction was found among people with beforehand clashing premiums, who through aggregate activity, could concentrate on enhancing industry proficiency, lessening costs, expanding maker wages and contending in ideal fare markets.

Amaeshi (2006) states that a political system is a body work that works towards describing a sufficient political method within a given community. Political thought can be discovered back to the old days, with seminal works. Formal politics refers to the fact or condition of functioning or being active of a constitutional system of state and publicly defined institutions and procedures. Many individuals see formal politics as an external factor, yet that can in any case impact their livelihood. Casual Politics is comprehended as shaping gatherings, honing power, guarding and propelling specific feelings or targets. This includes anything impacting one's livelihood, e.g. the way an office or family unit is administered, or how an individual or gathering practice impacts over another. Casual Politics is commonly believed as the ordinary governmental issues, thus the feeling that politics is common (Goodrich, 2007).

All states are diverse of a sole hierarchical frame, the sovereign state. All the sublime forces of present-day world control on guideline of amazingness. Sovereign power might be giving on a person as in a totalitarian government or it might be presented on a gathering as in a sacred government. Constitutions are composed accreditations that distinguish and farthest point forces of diverse branches of government. The unwritten constitution is persistently being written by the law-making branch of government (Amadiou, 2009).

Government initiated the new principle of concurrence or contract. Compared to a government a consortium has a more spreading judiciary (Mallins, 2014). The contention of the consolidation postulates that a state could formally withdraw its membership from a federal union, an alliance, or a political or religious organization. According to Union the power enjoyed by the Federal state in the executive, legislative and judiciary in the government is really enjoyable. The fundamental components of an elected constitution are: A recorded government constitution keeping in mind the end goal to avert differences between the sway of the Federal and State experts; A dispersal of energy between the Federal and State governments and a Supreme Court presented with the ability to clarify strikingly the Constitution and force the rule that everyone must follow staying autonomous of official and authoritative branches (Ekpo & Umoh, 2008).

Politics issues holds a key obligation in guaranteeing peace and joint effort inside and between countries by building up guidelines, directions and setting models for expected implicit rules (Robbins, 2008). Notwithstanding national root, governmental issues influence the day by day lives of natives from every single financial foundation, races and ethnic birthplaces. Governmental issues squash brutality by advancing a feeling of collaboration and empowering correspondence and acknowledgment among natives. Political frameworks exist for a similar fundamental purpose the world over, however exist in various sorts and limits. Pioneers and once in a while subjects work cooperatively to make sound laws and approaches overseeing the assignment and appropriation of merchandise and assets among the populace. Governmental issues influence distinctive parts of groups, including monetary open doors and access to instruction, medicinal services and other basic assets. They likewise set long haul methodology and approaches by making techniques choosing political pioneers (Barnay & Griffins, 2007).

Iwara (2007) states that people in many communities do not make laws and regulations. They appoint officials to enact rules and regulations on their behalf. Those with higher levels of politic literacy and political appointment the highest level of satisfaction enjoy greater representation by appointed officials, who respond to their requirements and demands. One noticeable change within the agriculture sector that has been the revitalization of Githunguri Dairy Farmers Cooperative Society in 2003.

Githunguri Dairy Farmers Cooperative Society is broadly seen as a successful intervention in the country's dairy sector (Muriuki, 2012). The discussion postulates that political environment is vital for policy transformation. Directions require to be right for policy transformation to take place. Political will to undertake transformation and implement it is equally essential. There was revolution in policy making and implementation. These were influenced by the new government in its quest to make its mark and meet the difficulties of a political euphoria that accompanied its electoral victory. The intervention in the dairy sector, through the revitalization of Githunguri Dairy Farmers Cooperative Society had both political and developmental (economic) objectives (Jerome, 2009).

2.3.3 Interest Rate

According to Mallins (2014) interest rate is the amount interpreted as a percentage of principal, by a creditor to a debtor for the use of assets. Interest rates are normally indicated on yearly basis. The assets borrowed could involve money, final user goods big assets, such as a vehicle or buildings. Interest is important rental, or leasing charge to the debtor, for the asset's use.

In a surveyed study to dairy farmers by Omore and Staal (2010) on the focus requested to anticipate if the future rise in interest rates would adversely impact their business, 86% say that their business has no borrowing but has cash reserves, which is shielding their business from such a rise. In the case to consider issues on consumer demand to fall, observation was however, that, cash reserves offset any interest rate rise. Therefore, higher interest rates will mean the cost of loans will go up, which will have a knock-on effect on people's disposable income. Moreover, reduction in the volume of lending is heavily impact dairy farmers as these justifiable grounds supports that: rise in interest rate increases the costs of borrowing, this situation tends to discourages people from borrowing and saving

In this study, the dairy farmers faced financial issues and policies in transition to a market economy in Central and Eastern Europe. Johan, (2014) accessed the problems of financing the East and Central Europe during the transition and the part played by the

government. They found out that the issues facing the credit market for dairy farmers ensued from demand and supply factors. They also found out that Credit rationing, interest rate, past loan repayment, farm income and collateral influenced dairy farmers' access to agricultural credit. Robbins (2008) carried out a study that seeking to evaluate the feasibility of a small-scale yogurt processing facility in Hope, British Columbia. It was determined that the greatest challenge facing the industry was high interest rates.

Nyikal (2010) recommended appropriate policy framework on market interest rate and capacity to ensure access by dairy farmers. Owango, (2008) and Kilungo, (2010) cite high interest rates as a constraint to the growth of the dairy industry. To adopt the intensive dairy system, capital is required and this is mainly raised through credit. In their study on credit constraint and smallholder dairy in East Africa, Freeman (2013) concluded that while interest rates had an impact on dairy productivity, there is need to accurately assess farmers' demand for credit, as their need for credit differ and with marginal productivity of credit differing from one borrower to another.

2.3.4 Government Support

The dairy industry in Kenya is faced by various challenges. Deterrents to increased milk production in Kenya has been identified as seasonality in production, low quantity and quality of feed, including limited use of manufactured feeds, lack of good quality animal husbandry and farming practices (Nyikal, 2010). Inaccessibility to breeding, animal health, credit services and high cost of artificial insemination service are other constraining factors. In some areas, dairy producers are faced with the problem of poor infrastructure (roads, electricity), inadequate milk collection and marketing system, poor interaction and priority setting between research, extension and training and limited farmers' involvement in the output market, hence reducing the incentives to increase milk production which calls for support by government to this important sector (Staal, 2010)

The commitment of dairy farming individuals to an economy shows that it is so imperative to have government arrangements that help dairy ranchers, not restricted to controls that empower them work productively and directions that limit on their authoritative costs (Harvie, 2010). Despite the fact that there have been activities by

governments to advance and bolster dairy ranchers keeping in mind the end goal to improve their improvement and lessen neediness, there is as yet an absence of bona fide authoritative methods, for example, availability to help from the administration offices.

Brunstad (2011) propose that, regardless of the way that administrative arrangements in dairy businesses change in scope between nations, two intercessions are generally used to raise maker salaries and to control the stream of drain. Right off the bat, most dairy businesses use advertise value bolsters in conjunction with portion and surplus evacuation plans. Moreover, value segregation, in which the business sectors for crisp and modern drain are isolated, is utilized as a part of conjunction with pooling courses of action to guarantee an evenhanded dispersion of riches among the business' drain makers

In a study by Muchai (2011) the conclusion reached after the investigation and analysis was that the smallholder dairy businessmen require a lot of assistance from the government in order to improve their business. The form of assistance needed may have to be diverse but can only succeed if carried out by a highly competent workforce. Assistance in form of advice to each businessman according to his unique situation will be needed and constant follow up to detect problems and correct them in time.

The high potential for sends out from animals and domesticated animals items has been unexploited after insufficient limit in Standard measures, quality control and in addition deficient preparing limit (Harvie, 2010). This has implied that the domesticated animals area is to a great extent ruled by essential generation with small preparing of deliver. The low supply of top notch rearing stock goes about as a further limitation to the misuse of fares from the animals segment. Low quality controls and Standardization of animals items has altogether upset access to remote markets as neighborhood ranchers neglect to meet fare wellbeing models and quality prerequisites.

High expenses of information sources and veterinary administrations have furthermore obliged in segment improvement (Lathanair, 2004). The withdrawal of government endowments as a major aspect of financial changes implied that numerous agriculturists ended up plainly unfit to bear the cost of such administrations, prompting diminishment in their utilization. Privatization of manual sperm injection administrations has added to

expanded costs, along these lines decrease in the utilization of such administrations (Tonwe, 2008). This has prompted the issue of low quality animals through issues of inbreeding and constrained utilization of enhanced sources of info. Illnesses and bugs similarly represent a test to the sub-part following frail inspectorate and quality confirmation inferable from absence of requirement of the current manage and controls overseeing the development of animals and their items.

Stotz (2013), statutory mediation in the SA horticultural area was fundamentally gone for enhancing the effectiveness of creation and the business' market supply, prompting a steady residential generation and utilization with shielding household makers from the outside contenders. James (2015), different strategy points can every once in a while, clash with, instead of supplementing each other. He proposes that expanding a nation's sustenance generation keeping in mind the end goal to accomplish the independence may not really guarantee adequate net ranch livelihoods if higher maker salaries are counterbalanced by higher creation costs, through higher determined interest for inputs. Also, it is troublesome for policymakers to distinguish, execute and oversee substantial approach points and allot adequate weights to those points as these variables depend vitally upon the perspective of thought. Nyariki, (2009), conveyed an examination on the effect of arrangement changes on the domesticated animals industry in Kenya and noticed an expanded level of rivalry.

2.4 Critical Review

The government targets to lower the period needed to register a business to one day, thus enabling investors to acquire the documents and required approvals necessary in business set up. The government has also looked into increased transparency in business proceedings by requiring taxpayers to submit up-to-date information on business changes plus government structure in 30 days of the happening. Economic enhancements and political stability are deeply interconnected. The unforeseeable affiliated with an unstable political environment may reduce investment and the pace of economic enhancement. Poor economic developments may lead to government collapse and political unrest.

2.5 Summary and Gaps to be Filled

The research investigated on factors impacting dairy industry growth. The literature reviewed addressed factors such as tax policy, politics, interest rate and government support and how they affect the growth of Dairy Industry in Kenya but the researcher did not cover other details like the market availability, role of technology in dairy industry in Kenya which other researchers can investigate. The research covered more details than other research done by other researchers.

2.6 Conceptual Framework

Independent Variables

Dependent Variable

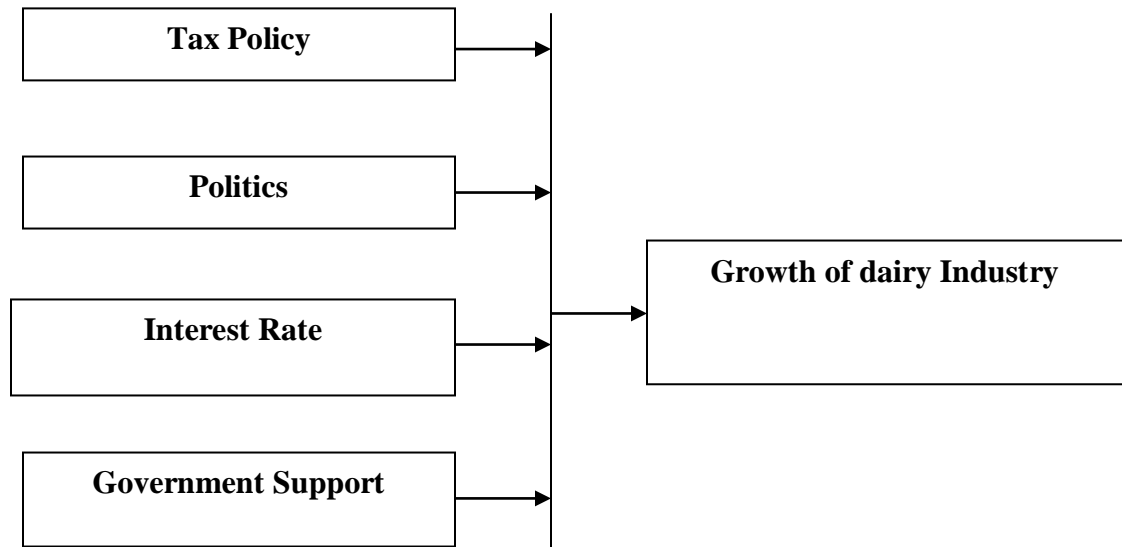


Figure 2.2 Conceptual Framework

Source: Author (2017)

Interpretation of variables

2.5.1 Tax Policy

Tax policy is the selection by a government as to what taxes to impose, in what measure, and on whom. It involves macroeconomic and microeconomic aspect, whereby the macroeconomic aspects concern the quantity of taxes to collect, which can influence the level of economic operation; which is one component of fiscal policy and microeconomic aspects relate on issues of fairness and distribution efficiency.

2.5.2 Politics

Operations and affairs involved in managing a union or community of interest or a regime are politics. Politics is the exercise of dispersion of resources and power where various methods are used including making laws, including warfare against opponents. Politic is practiced from tribes and clans of traditional societies and even through with modern local governments and companies.

2.5.3 Interest Rate

Wiping out overabundance liquidity and raising loan fees settled the shilling by additionally containing expansion. In any case, these market mediations by (CBK) have negatively affected economy also. Initially, since it has turned out to be lucrative for business banks to loan riskless to the administration, they can just loan to the private segment ventures at a superior that would repay them for the apparent default hazards due to assumed less performing economy.

2.5.4 Government Support

Government support is a financial help given to private and public business organizations by the government. Market analysts will by and large concur that administration spending turns into a weight sooner, in light of the fact that legislature turns out to be too extensive expenses are misallocated. Government spending requires costly financing choices.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

Part outlined methodology used in this research project. It gave details of research design populace target, sampling design, and data collection procedure and analysis.

3.2 Research Design

Researcher utilized descriptive research design to undertake review. According to Kothari (2004), descriptive research design gives details of the findings and also makes it possible to ask questions and get response accordingly. It is therefore a more flexible research design which enables generalization of the findings to represent the entire population.

3.3 Target Population

According to Saleemi (1997), the target populace refers to the total number of individuals in a group that the research intends to work on. The target population therefore is the overall number that can be worked on. Purpose of target populace was to show number of larger group that researcher intended to manipulate so as to get the required information. In research, the review populace was 600 responders. Study was drawn from 2 strata: Society level and Plant operational level.

Table 3.1 Target Population

Category of Staff	Total Population	Percentage (%)
Society level	300	50
Plant operational level	300	50
Total	600	100

Source; Author (2017)

3.4 Sample Design

According to Kothari (2004), stratified sampling technique is applied in order to obtain a representative sample. To get respondents strata, random sample technique was applied in order to group the population into strata that was easy for the study. A population was divided into sub-populations, each different from the total population and then items were picked from each stratum to constitute a sample. The researcher derived a sample size of 10% of the total number of population. Therefore, the sample size of the study was 60.

Table 3.2 Sample Size

Category of staff	Total population	Sample size	Percentage (%)
Society level	300	30	50
Plant operational level	300	30	50
Total	600	60	100

Source: Author (2017)

3.5. Data Collection Methods and Instruments

Review utilized data from Primary sources which was collected using semi-structured questionnaires. The questionnaires administered had both open and closed ended questions so that they provided enough and accurate information and gave the respondents a chance to give their view freely without any limitations.

3.5.1 Reliability and Validity

According to Burg and Gall (2003), the term pilot studies refer to pretesting of research instruments prior to actual activities of data collection. This is usually carried out to test how reliable and valid the questionnaires are after being subjected to the respondents. A pilot study was conducted at Githunguri Dairy Farmers Cooperative Society respondents where 10 questionnaires were distributed. This enabled the researcher to make alterations where necessary and improve the instruments. Reliability refers to the consistency of measuring result and their extent to accuracy, error free and stable. Reliable measurement results tend to be reproducible and generalizable in regard to other measurement occasions. Reliability evidence is in most cases reported as a correlation coefficient. In the past, reliability has been categorized into different types, not limited to stability

equivalence, homogeneity aid in scorer reliability. Reliability of research instrument is its level of internal consistency or stability over time.

3.6 Data Analysis and Presentation

According to Perttinger, (2001), data analysis refers to the process of gathering, modelling, and transforming data with the goal of highlighting useful information, suggesting conclusions, in order to support in decision making. Toney (2003), outlined that data analysis is the process of breaking down a complex information or substance into smaller parts so as to gain a better understanding.

Purpose of data analysis, however, is to prepare the crude data into interpretable designs. Data was analyzed using statistical methods by use of tables, charts, frequencies and percentages. It is envisaged that these comparative methods were the best since the data was qualitative in nature. Prior to data summary, the questionnaire was checked to ensure full completion and accuracy.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

Analysis of data and its presentation refers to the findings that were deduced from the questionnaires distributed to the employees with special focus on review objectives. Analysis was presented in tables and charts, for easier interpretation.

4.2 Presentation of findings

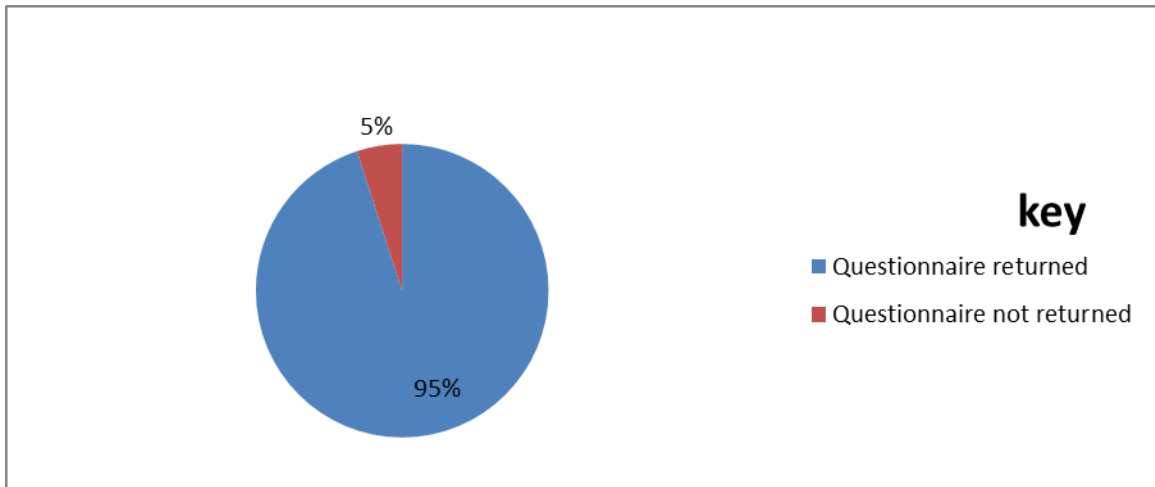
4.2.1 Response rate

Table 4.1 Response rate

Category	Frequency	Percentage
Questionnaire returned	57	95
Questionnaire not returned	3	5
Total	60	100

Source; Author (2017)

Figure 4.1 Response rate



Source; Author (2017)

Table 4.1 indicates 95% returned their questionnaires while 5% did not return. Majority who returned will help the researcher to succeed in her research.

4.2.2 Analysis of respondents' gender of respondents

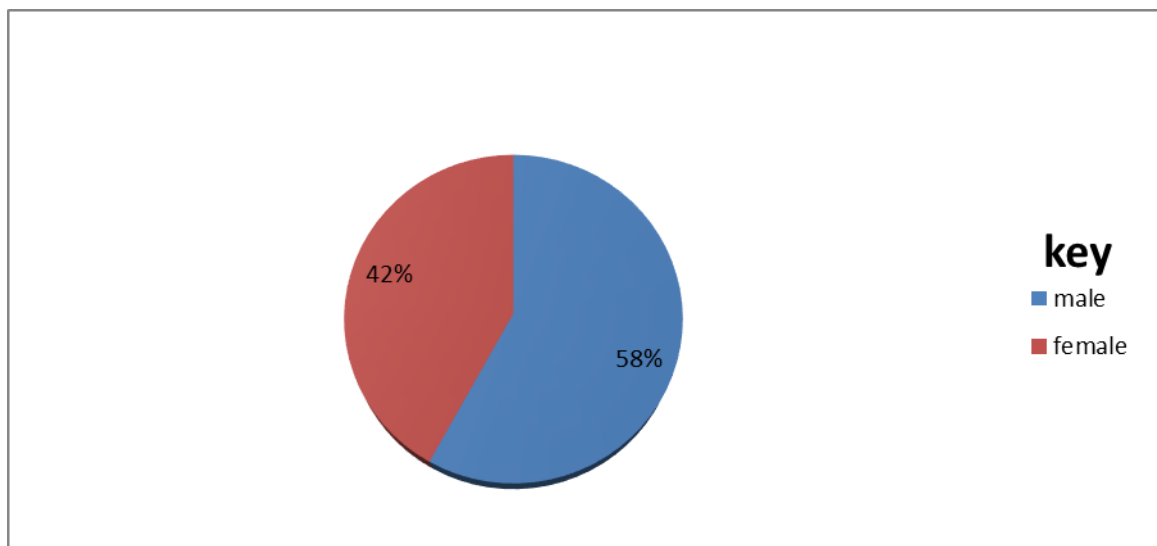
The researcher asked the respondents to indicate their gender

Table 4.2 Gender of respondents

Category	Frequency	Percentage
Male	33	58
Female	24	42
Total	57	100

Source; Author (2017)

Figure 4.2 Gender of respondents



Source; Author (2017)

Table above shows 58% were male while 42% were female. Majority of the respondents were male.

4.2.3 Analysis of respondents' marital status

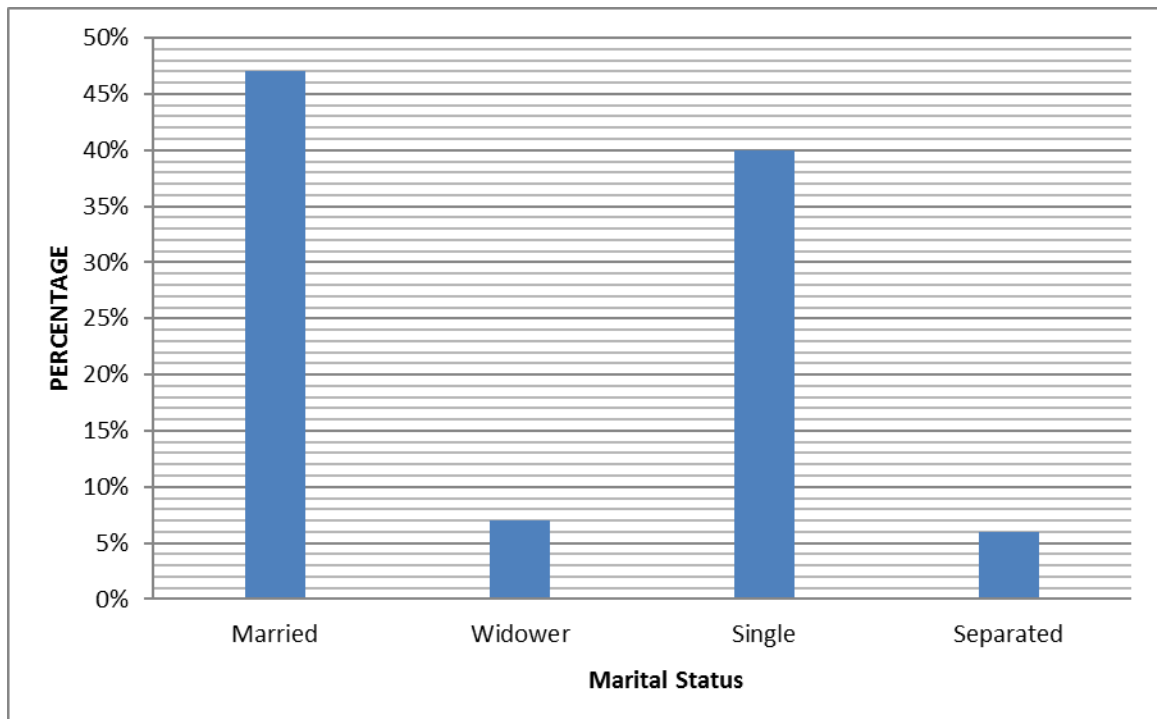
The researcher asked the respondents to indicate their marital status

Table 4.3 Marital Status of the Respondents

Category	Frequency	Percentage
Married	27	47
Widower	4	7
Single	23	40
Separated	3	6
Total	57	100

Source; Author (2017)

Figure 4.3 Marital Status of the Respondents



Source; Author (2017)

Table above indicate 47% were married, 7% were widowers, 40% were single and 6% were separated. This shows that majority of respondents were married.

4.2.4 Analysis of respondents' age bracket

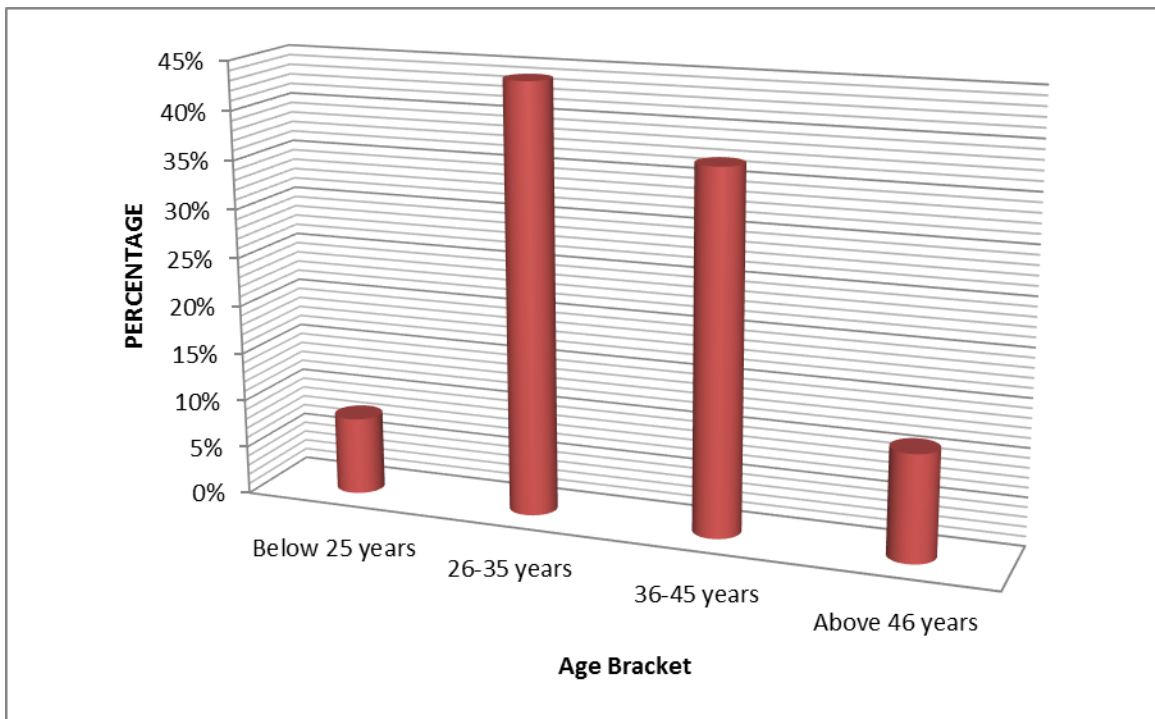
The researcher asked the respondents to indicate their age bracket

Table 4.4 Age Bracket of the Respondents

Category	Frequency	Percentage
Below 25 years	5	8
26-35 years	25	44
36-45 years	21	37
Above 46 years	6	11
Total	57	100

Source; Author (2017)

Figure 4.4 Age Bracket of the Respondents



Source; Author (2017)

Table above indicate 8% were below 25 years, 44% were between 26-35 years, 37% were between 36-45 years and 11% were above 46 years. It indicates many responders were above 26 years.

4.2.5 Analysis of respondents' highest level of education

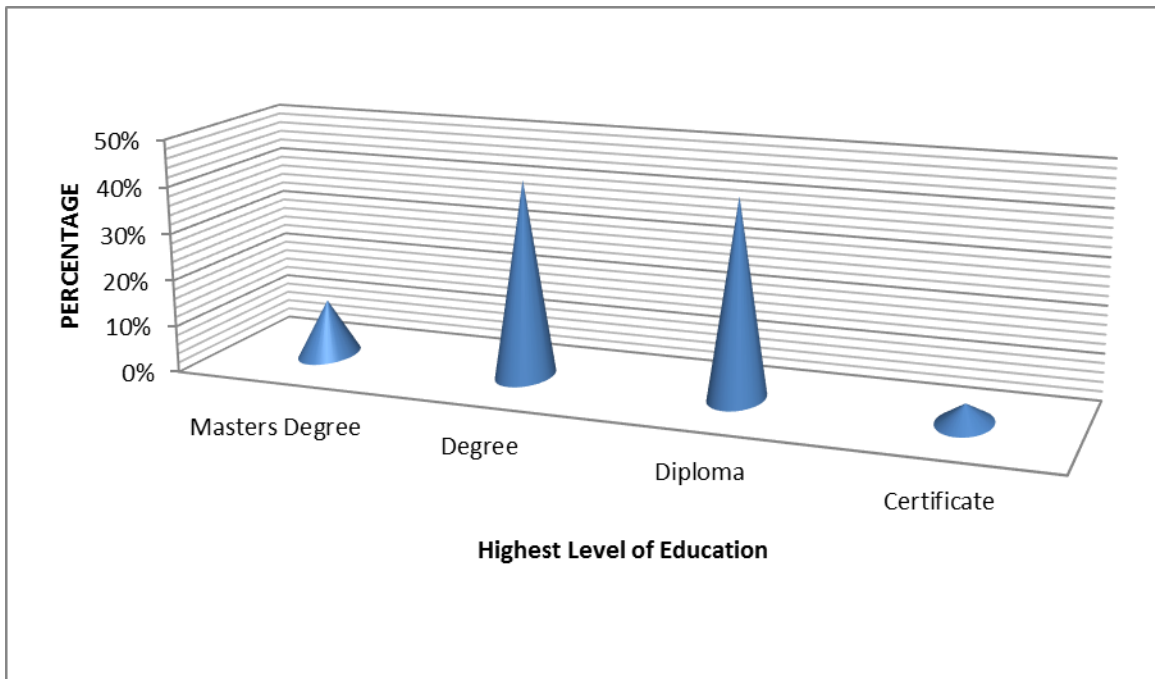
The researcher asked the respondents to indicate their level of education

Table 4.5 Highest Level of Education

Category	Frequency	Percentage
Masters Degree	7	12
Degree	24	42
Diploma	24	42
Certificate	2	4
Total	57	100

Source; Author (2017)

Figure 4.5 Highest Level of Education



Source; Author (2017)

Table above indicated 12% had masters degrees, 42% had degrees, 42% had diplomas and 4% had certificates. This shows that majority of respondents had degrees and diplomas.

4.2.6 Analysis of respondents' years of experience

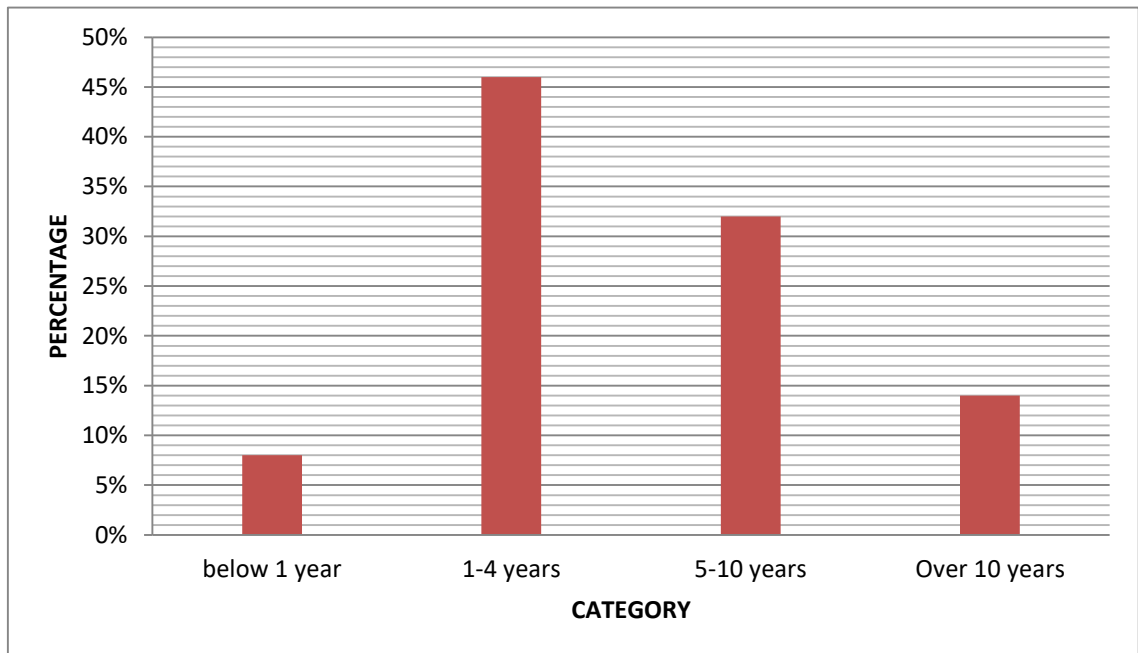
The researcher asked respondents to indicate their years of experience

Table 4.6 Year of Experience

Category	Frequency	Percentage
Below 1 year	5	8
1-4 years	26	46
5-10 years	18	32
Over 10 years	8	14
Total	57	100

Source; Author (2017)

Figure 4.6 Year of experience



Source; Author (2017)

Table above shows 8% had worked for below 1 year, 46% between 1-4 years, 32% between 5-10 years and 14% over 10 years. This shows many responders had an experience of between 1-4 years.

4.2.7 Analysis on whether tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.

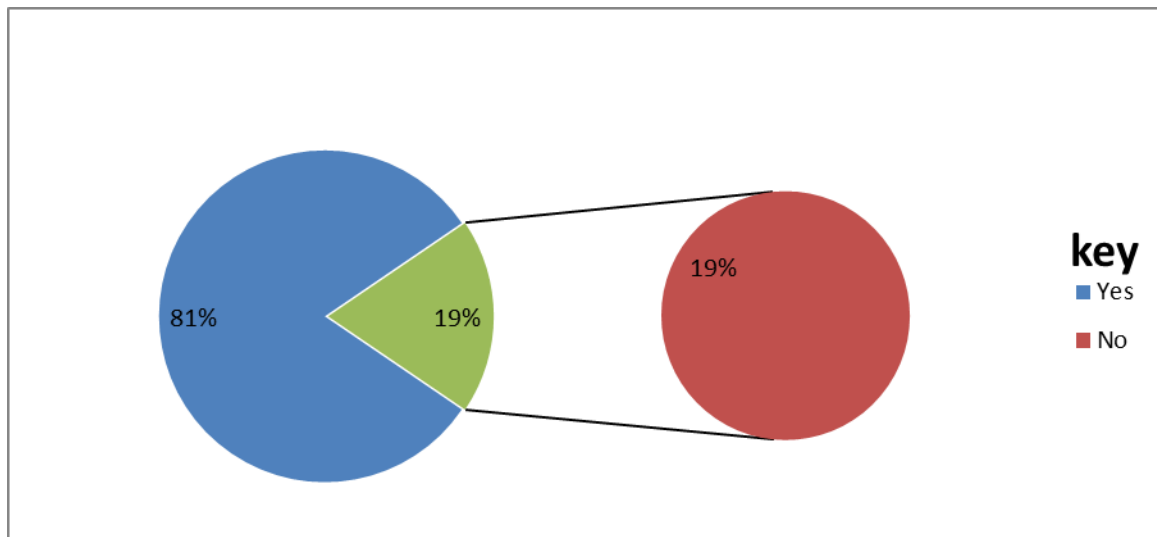
The researcher asked the respondents to indicate whether tax policy affects the growth of **Githunguri Dairy Farmers Cooperative Society**.

Table 4.7 Analysis on whether tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Yes	46	81
No	11	19
Total	57	100

Source; Author (2017)

Figure 4.7 Indicating whether tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table above indicates 81% viewed that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society while 19% disagreed. Majority of respondents indicated that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.

4.2.8 Analysis on how tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.

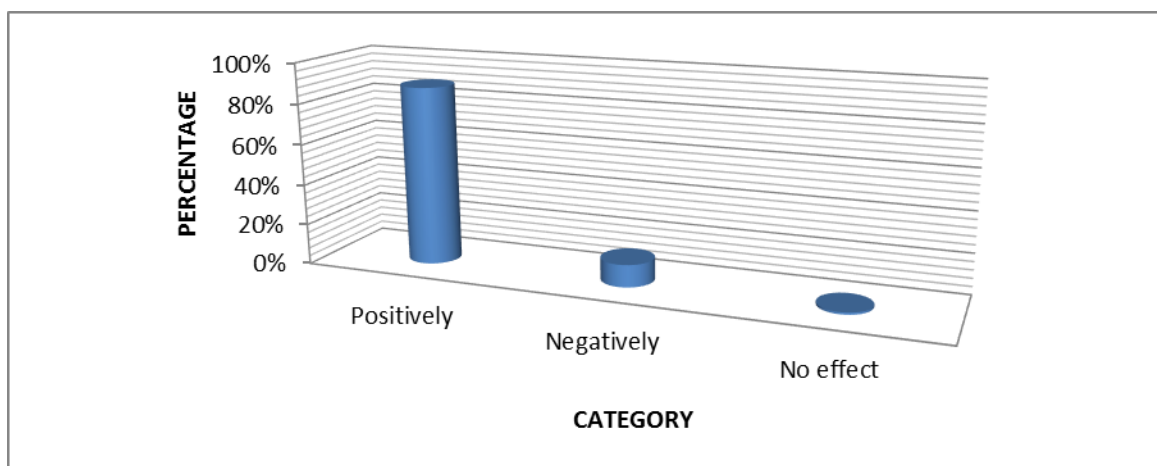
The researcher asked the respondents to indicate how tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.

Table 4.8 Analysis on how tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Positively	50	88
Negatively	6	11
No effect	1	1
Total	57	100

Source; Author (2017)

Figure 4.8 Indicating how tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table above shows that 88% viewed that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society positively, 11% felt it affects negatively and 1% felt no effect. Majority of respondents indicated that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society positively.

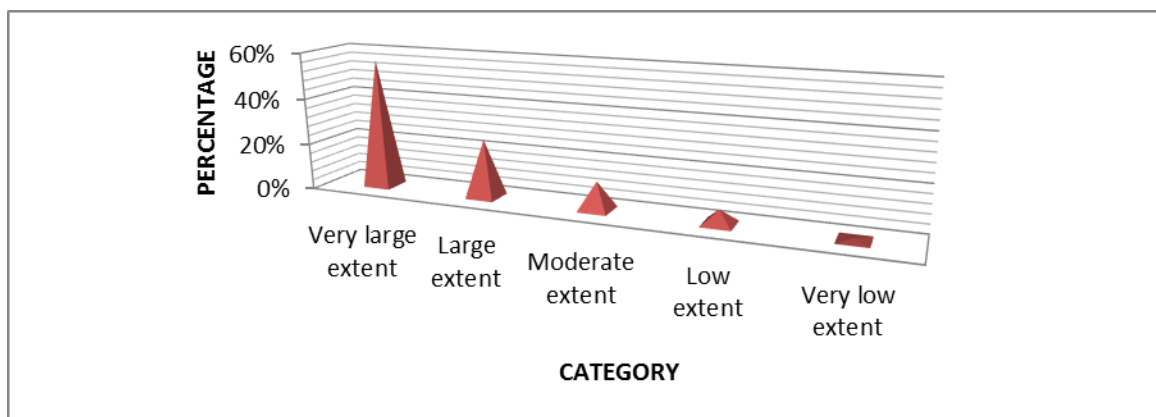
4.2.9 Analysis on to what extent tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.

Table 4.9 Analysis on to what extent tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Very large extent	32	56
Large extent	14	25
Moderate extent	7	12
Low extent	3	6
Very low extent	1	1
Total	57	100

Source; Author (2017)

Figure 4.9 Indicating to what extent tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table above indicated that 56% of the respondents felt that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 25% largely, 12% moderately, 6% low extent and 1% to a very low extent. Majority of respondents said that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent.

4.2.10 Analysis on whether politics affects the growth of Githunguri Dairy Farmers Cooperative Society.

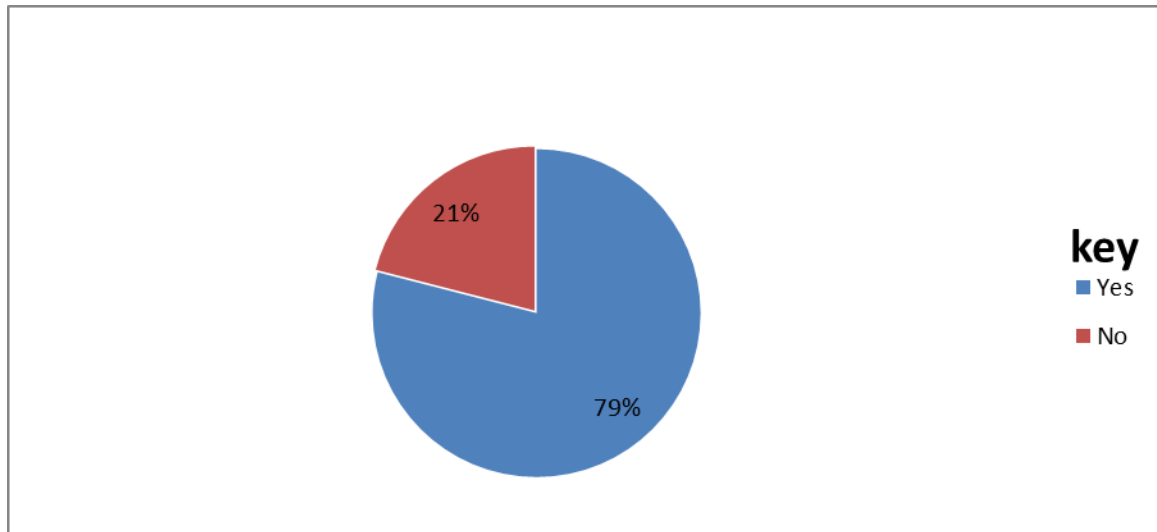
The researcher asked responders to show whether politics affects growth of Githunguri Dairy Farmers Cooperative Society.

Table 4.10 Analysis on whether politics affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Yes	45	79
No	12	21
Total	57	100

Source; Author (2017)

Figure 4.10 Indicating whether politics affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table above indicates 79% agreed that politics affects the growth of Githunguri Dairy Farmers Cooperative Society while 21% disagreed. Majority of respondents indicated that politics affects the growth of Githunguri Dairy Farmers Cooperative Society.

4.2.11 Analysis on how politics affects the growth of Githunguri Dairy Farmers Cooperative Society.

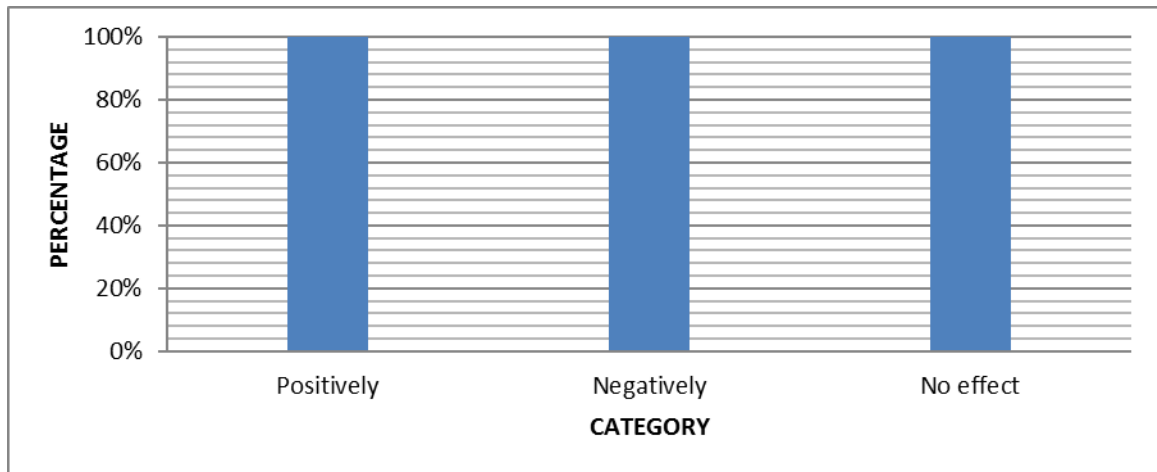
The researcher asked responders show how politics affects growth of Githunguri Dairy Farmers Cooperative Society.

Table 4.11 Analysis on how politics affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Positively	49	85
Negatively	6	11
No effect	2	4
Total	57	100

Source; Author (2017)

Figure 4.11 Indicating how politics affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table 4.11 and figure 4.11 indicate that 85% felt that politics affects the growth of Githunguri Dairy Farmers Cooperative Society positively, 11% negatively and 4% felt no effect. Majority of respondents indicated that politics affects the growth of Githunguri Dairy Farmers Cooperative Society positively.

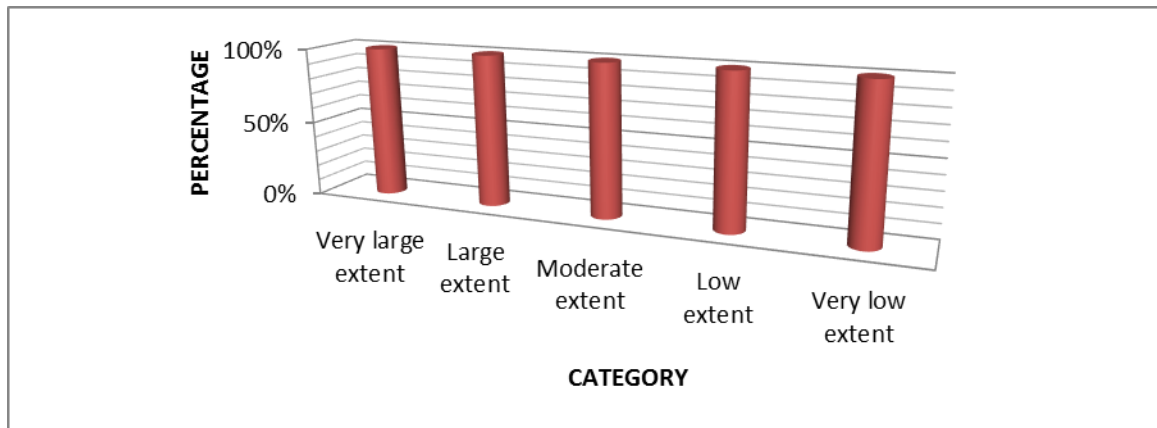
4.2.12 Analysis on to what extent politics affects the growth of Githunguri Dairy Farmers Cooperative Society.

Table 4.12 Analysis on to what extent politics affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Very large extent	31	54
Large extent	15	27
Moderate extent	8	14
Low extent	2	4
Very low extent	1	1
Total	57	100

Source; Author (2017)

Figure 4.12 Indicating to what extent politics affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table above indicated 54% viewed that politics affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 27% largely, 14% moderately, 4% low extent and 1% to a very low extent. Majority of respondents indicated that politics affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent.

4.2.13 Analysis on how important interest rate is on the growth of Githunguri Dairy Farmers Cooperative Society.

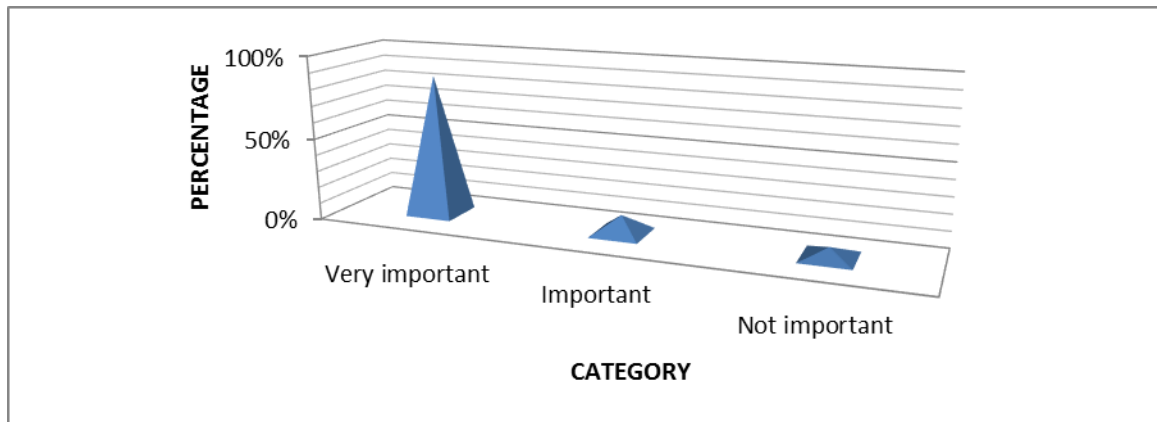
The researcher asked the respondents to indicate how important interest rate is on the growth of Githunguri Dairy Farmers Cooperative Society.

Table 4.13 Analysis on how important interest rate is on the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Very important	48	86
Important	6	11
Not important	3	6
Total	57	100

Source; Author (2017)

Figure 4.13 Indicating how important interest rate is on the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table above shows 86% of the responders felt that interest rate is very important on the growth of Githunguri Dairy Farmers Cooperative Society, 11% felt it is important and 6% felt it is not important. Majority of respondents felt that interest rate is very important on the growth of Githunguri Dairy Farmers Cooperative Society.

4.2.14 Analysis on whether interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.

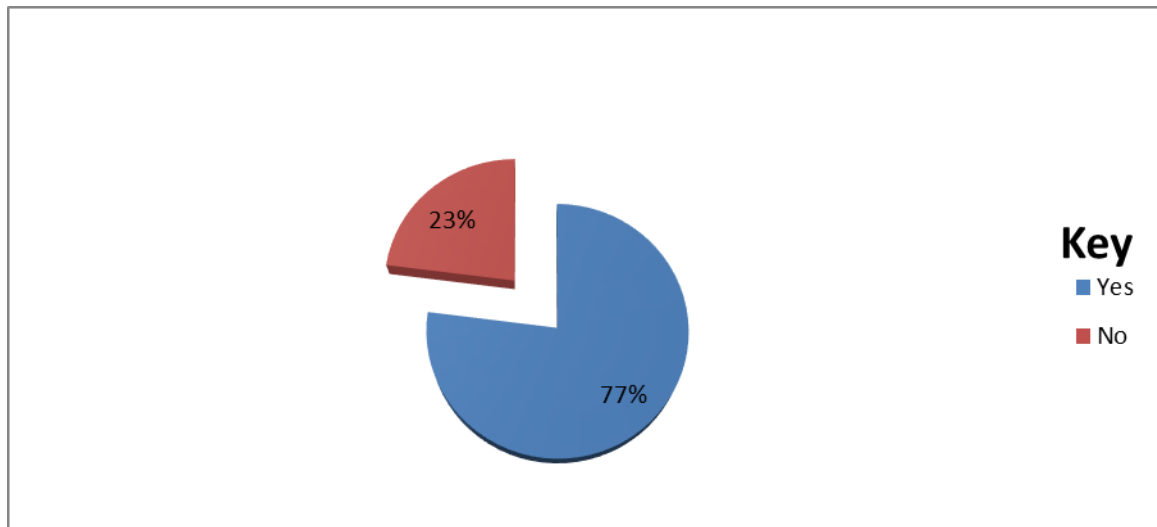
The researcher asked the respondents to indicate whether interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.

Table 4.14 Analysis on whether interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Yes	44	77
No	13	23
Total	57	100

Source; Author (2017)

Figure 4.14 Indicating whether interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table above indicate 77% felt that interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society while 23% disagreed. Majority of respondents indicated that interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.

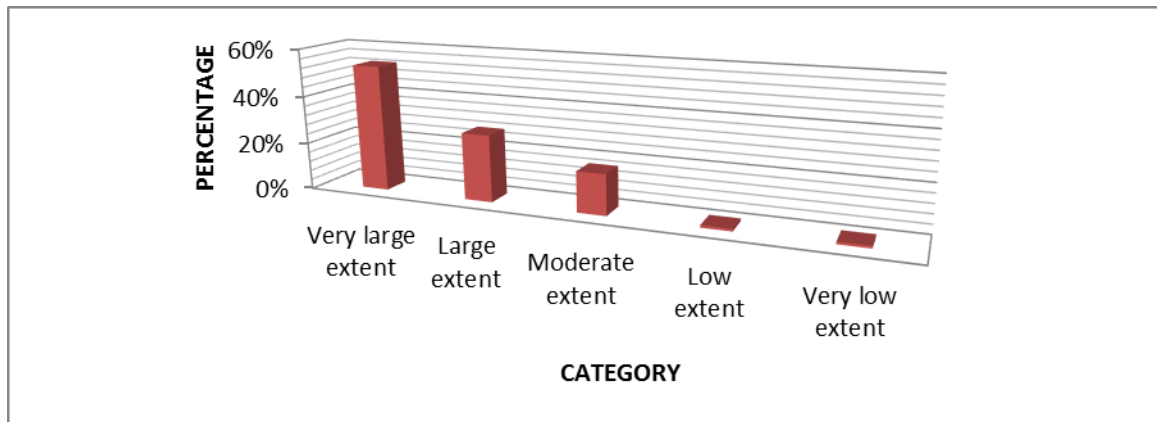
4.2.15 Analysis on to what extent interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.

Table 4.15 Analysis on to what extent interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Very large	30	53
Largely	16	28
Moderate	9	17
Low	1	1
Very low	1	1
Total	57	100

Source; Author (2017)

Figure 4.15 Indicating to what extent interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table above indicated 53% agreed that interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 28% largely, 17% moderately, 1% low extent and 1% to a very low extent. Majority of respondents indicated that interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent.

4.2.16 Analysis on whether government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

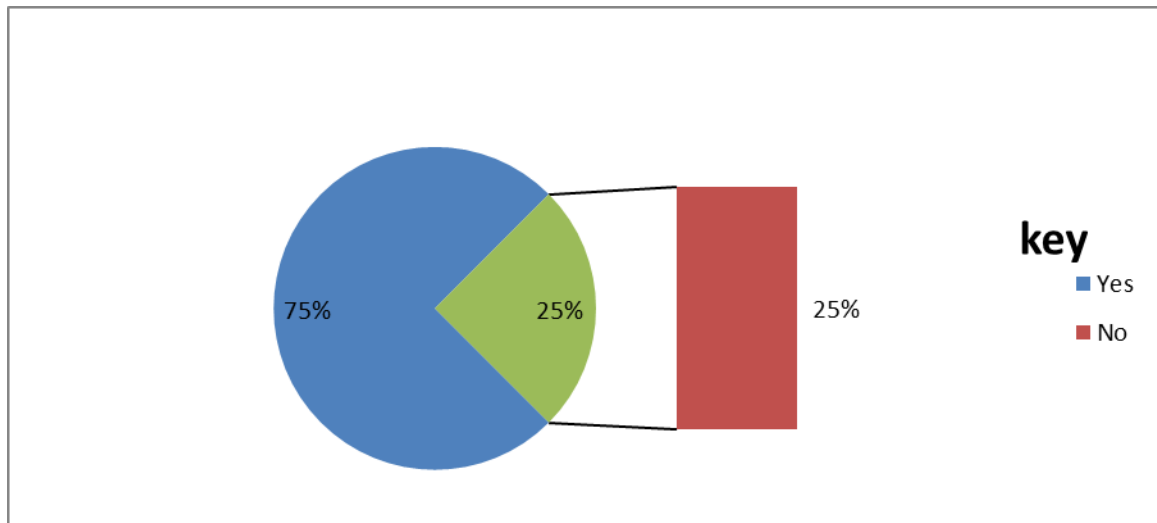
The researcher asked the respondents to indicate whether government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

Table 4.16 Analysis on whether government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Yes	43	75
No	14	25
Total	57	100

Source; Author (2017)

Figure 4.16 Indicating whether government support affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table 4.16 and figure 4.16 show that 75% of the respondents felt that government support affects the growth of Githunguri Dairy Farmers Cooperative Society while 25% disagreed. Majority of respondents said that government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

4.2.17 Analysis on to what extent government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

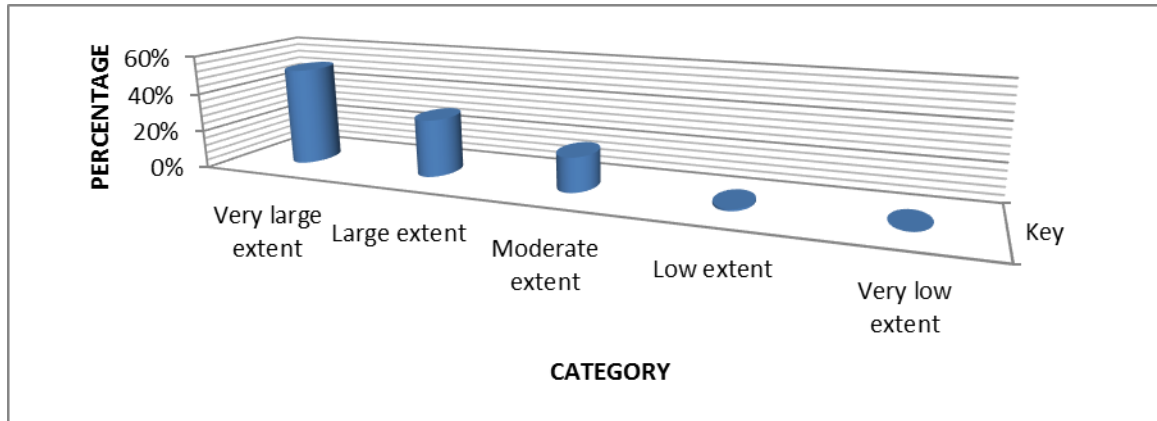
Table 4.17 Analysis on to what extent government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Very large	29	51
Largely	17	30
Moderately	10	18
Low	1	1
Very low e	0	0

Total	57	100
--------------	-----------	------------

Source; Author (2017)

Figure 4.17 Indicating to what extent government support affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table above indicated 51% agreed that government support affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 30% largely, and 18% moderately, 1% low extent and none to a very low extent. Majority of respondents indicated that government support affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent.

4.2.18 Analysis on how government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

The researcher asked the respondents to indicate how government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

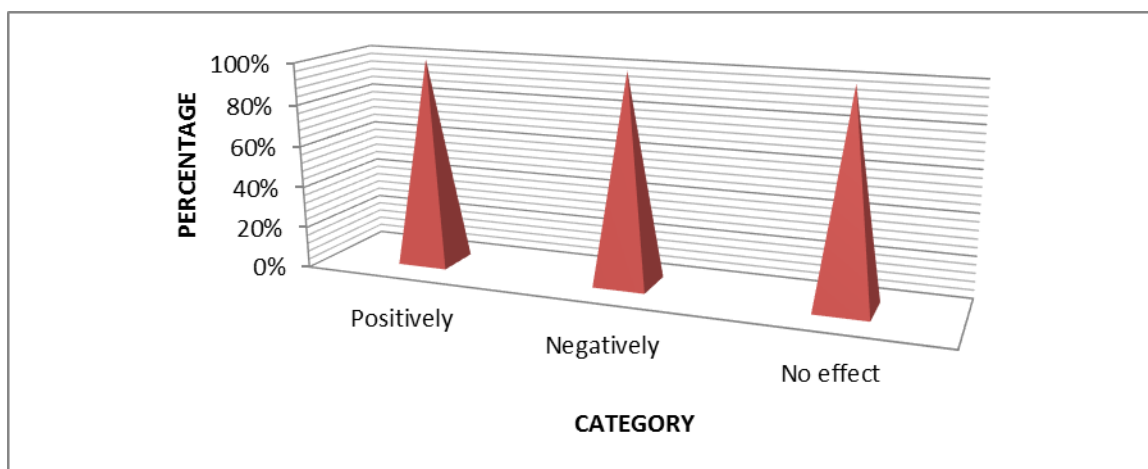
Table 4.18 Analysis on how government support affects the growth of Githunguri Dairy Farmers Cooperative Society.

Category	Frequency	Percentage
Positively	47	82

Negatively	6	11
No effect	4	7
Total	57	100

Source; Author (2017)

Figure 4.18 Indicating how government support affects the growth of Githunguri Dairy Farmers Cooperative Society.



Source; Author (2017)

Table 4.18 and figure 4.18 indicated that 88% felt government support impacts growth of Githunguri Dairy Farmers Cooperative Society positively, 11% negatively and 7% felt no effect. Majority of respondents said that government support affects the growth of Githunguri Dairy Farmers Cooperative Society positively.

4.3 Summary of Data Analysis

Research findings indicate that 95% respondents returned their questionnaires while 5% did not return. Findings show that 58% of the responders were male while 42% female. Research discoveries show that 47% were married, 7% were widowers, 40% were single and 6% were separated. Findings indicate that 8% of the respondents were below 25 years, 44% were between 26-35 years, 37% were between 36-45 years and 11% were above 46 years. Research findings indicate that 12% of the respondents had masters' degrees, 42% had degrees, 42% had diplomas and 4% had certificates. Findings show

that 8% of the respondents had worked for below 1 year, 46% between 1-4 years, 32% between 5-10 years and 14% over 10 years.

Research findings indicate that 81% of the respondents viewed that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society while 19% disagreed. Findings indicate that 88% viewed tax policy impacts growth of Githunguri Dairy Farmers Cooperative Society positively, 11% felt it affects negatively and 1% felt no effect. Research findings indicated that 56% of the respondents felt that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 25% largely, 12% moderately, 6% low extent and 1% to a very low extent.

Findings indicate that 79% agreed politics impacts growth of Githunguri Dairy Farmers Cooperative Society while 21% disagreed. Research findings indicate that 85% of the respondents felt that politics affects the growth of Githunguri Dairy Farmers Cooperative Society positively, 11% negatively and 4% felt no effect. Findings indicated that 54% viewed politics affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 27% largely, 14% moderately, 4% low extent and 1% to a very low extent.

Research findings indicate that 86% of the respondents felt that interest rate is very important on the growth of Githunguri Dairy Farmers Cooperative Society, 11% felt it is important and 6% felt it is not important. Findings indicate that 77% felt that interest rate impacts growth of Githunguri Dairy Farmers Cooperative Society while 23% disagreed. Research findings indicated that 53% of the respondents agreed that interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 28% largely, 17% moderately, 1% low extent and 1% to a very low extent.

Findings show that 75% of responders felt that government support impacts growth of Githunguri Dairy Farmers Cooperative Society while 25% disagreed. Research findings indicated that 51% of the respondents agreed that government support affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 30% largely, and 18% moderately, 1% low extent and none to a very low extent. Findings indicated that 88% felt government support impacts growth of Githunguri Dairy Farmers Cooperative Society positively, 11% negatively and 7% felt no effect.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

Part entails summary findings, discussions, recommendations and conclusions.

5.2 Summary of major findings

5.2.1 How does tax policy affect the growth of Githunguri Dairy Farmers Cooperative Society?

Findings indicated that 56% of the respondents felt that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 25% largely, 12% moderately, 6% low extent and 1% to a very low extent. Majority of respondents said that tax policy affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent.

5.2.2 To what extent does politics affect the growth of Githunguri Dairy Farmers Cooperative Society?

Findings indicated that 54% of the respondents viewed that politics affects the growth of Githunguri Dairy Farmers Cooperative Society very largely, 27% largely, 14% moderately, 4% low extent and 1% to a very low extent. Majority of respondents indicated that politics affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent.

5.2.3 How does interest rate affect the growth of Githunguri Dairy Farmers Cooperative Society?

Findings indicated that 53% of responders agreed interest rate impacts growth of Githunguri Dairy Farmers Cooperative Society very largely, 28% largely, 17% moderately, 1% low extent and 1% to a very low extent. Majority of respondents indicated that interest rate affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent.

5.2.4 How does of government support affect the growth of Githunguri Dairy Farmers Cooperative Society?

Findings indicated that 51% of the respondents agreed that government support affects the growth of Githunguri Dairy Farmers Cooperative Society largely, 30% largely, and 18% moderately, 1% low extent and none to a very low extent. Majority of respondents indicated that government support affects the growth of Githunguri Dairy Farmers Cooperative Society to a very large extent.

5.3 Conclusion

The researcher concluded that: tax policy, politics, interest rate and government support highly contributed to growth of dairy industry in Kenya. Kenya's dairy industry is dynamic and plays an important economic and nutrition role in the lives of many people ranging from farmers to milk hawkers, processors, and consumers. Dairy sector is a vital in reducing poverty in rural and urban areas as it ensures food security and increased household incomes.

5.4 Recommendation

5.4.1 Tax Policy

Government need to provide competent tax policy on dairy farmer's cooperative society this will help Githunguri cooperative society to carry out their duties hence enhance the growth of the organization.

5.4.2 Politics

Politicians need to carry out their politics in a peaceful manner so as provide a conducive environment where dairy farmer's cooperative societies are able operate in a good environment.

5.4.3 Interest Rate

Managers of dairy farmer's cooperative societies need to find loan assistance from financial institutions that provide loan at a favorable interest rate which will help the society to achieve their goals and objectives.

5.4.4 Government Support

Government need to provide policies that contribute to supporting the continuous growth of the dairy farmer's cooperative societies this will attract more investors to get in this market hence contribute to the growth of the economy.

5.5 Suggestions for further studies

A research need to be carried out on the role of managerial skills on the growth of Githunguri Dairy Farmers Cooperative Society in Kenya.

REFERENCES

- Action Aid. (2013). *Trade, growth and the size of countries*. Handbook of economic growth, 1, 1499-1542.
- Amadiéu, J. (2009). Les syndicats. Managing Human Resources and Organizational Change in Nigeria, Enugu, Maurice. *Journal of Management Studies*, 43 (3), 485-51.
- Amaeshi, U. (2006). Managing Human Resources and Organizational Change in Nigeria, Enugu, Maurice. *Journal of Management Studies*, 43 (3), 485-51.
- Barnard, C. (2008). *Function of the Executive*. Two Ways of Competing in Global Markets. Sloan Management Review, 1993, 37-50.
- Barnay J. & Griffin, R. (2007). Management of Organizations, Strategy, Structure and Behaviors. *International Journal of Human Resource Management*, 12, 1325-46.
- Brunstad, L. (2011). "Rural credit market and institutions in developing countries": Lessons for policy analysis from practice and modern theory. *World Development Journal* 4: 1253-67
- Burg, J.& Gall, W. (2003) 'Reflections on the Private versus the Public Policing of Economic Crime', *British Journal of Criminology*, Vol. 45, pp. 316-339
- De Swardt, F. (2013). "Agricultural Credit Problems and Policies During The Transition To A Market Economy In Central And Eastern Europe" Policy Research Group Working Paper No.43
- De. Jong, R. (1996). "Dairy Stock Development and Milk Production with Small Holders". PhD Thesis. Journal of Management Development, 20, 853-859.
- Ekpo, B.& Umoh, J. (2008). "Rural Financial Services in Kenya": What is working and why? Tegemeo Institute of Agriculture and Policy Development. Working Paper No 25 of 2006
- Evans, W. (2005) *Organization Behavior*, 4th international edition prentice hall publishers, San Francisco.
- Filicetti, J. (2007). "*Project Management Dictionary*". The Review of Economics and Statistics, 88, 759-773.
- Freeman, E. (2013). "Imperfect information and rural credits markets – Puzzles and policy perspectives". The world economic review 4(3)

- Gatewood, P. (2005) *Information Technology*: 5th edition Jaico publishing house. New Delhi. *Journal of Management Studies* 43(4), 917-995
- Gichire, A. (1992) *Managerial Finance*: 2nd Edition. British library catalogue publishers, Mexico. *International Journal of Contemporary Management*, 13, 327-338.
- Girtman, U. (2006) *Principles of Managerial Finance* 11th Edition. British library catalogue publishers, Mexico.
- Gonzalez-Vega, C. (2003). "Deepening rural financial markets: Macro economic policy and political dimensions". Paving the way forward: An international conference on Best Practices in rural Finance 2-4 June Washington, D.C.
- Goodrich, G. (2007) *Personal Management*: published by ATB publisher Boston.
- Griffith, M. (2000), *Research Methods*, 2nd Edition, Africa Center for Technology (ACTS), Press Nairobi, Kenya.
- Guirking, C. (2005). "Risk and the persistence of informal credits in rural Peru". Working paper. Department of Agricultural and resource economics, University of California, Davis
- Harvie, A. (2010). "Making Change Strategies Work": Gender Sensitive Client-Oriented Livestock Extension in Coast Province Kenya Royal Tropical Institute, Amsterdam, The Netherlands pp.114
- Iwara, J. (2007). "An Economic Analysis of Small Holder Dairy Production in Kiambu District, Kenya". PhD Thesis, University of Nairobi
- James, C. (2005), *Technology Management*, 3rd edition, MC Growl-till publishers, Lisbon.
- James, C. (2015) The performance effects of human resource managers and other middle managers involvement in the Dairy Industry: the case of Hong Kong. *International Journal of Human Resource Management*, 12, 1325-46.
- James, L. (2003), *Human Resource Practices*, 2nd edition, DP publishers, Lisbon.
- Jerome, A. (2009). *Unleashing the Private Sector in Nigeria*: Lagos. Nigeria: Afribank Economic and Financial Review.
- Johan, H. (2014) Farm household economic behaviour in imperfect financial markets. Empirical evidence and policy implications on savings, credit and production efficiency in south eastern Ethiopia. *Journal of Management Studies*, 43 (3), 485-51.
- John, C. (2004), "Structure," in *Critical Terms for Literary Study*, 2nd ed., Chicago and London: University of Chicago Press

- Kilungo, J. (2010). *“An Economic Analysis of Small Holder Dairy Production in Kiambu District, Kenya”*. PhD Thesis, University of Nairobi
- Kinambuga, D. (2010). “Evaluation of The Constraints To Profitable Smallholder Dairying: A Case Of Nakuru County, Kenya”. Msc Thesis, Egerton University
- Kothari C. (2004), *Research Methodology: Methods and Techniques*, (2nd Ed), Age International Publishers.
- Lamberte, M. (2006) “Beyond Microfinance”: Building inclusive rural financial markets in central Asia, Asian development bank.
- Lathanair, W. (2004), *Marketing Strategy*: 2nd Edition DP publishers New Mexico
- Ginger (2012). *Success*”. Published by Pearson Limited, London, U.K.
- Mallins, B. (2014). Comparison of production and breeding potential of South African dairy herds on different feeding systems. Nat. Milk Rec. Improv. Scheme Newsletter 13, 26-29.
- Marquis, C. (2013). *“Imprinting; Toward Multilevel Theory”*, 4th edition, Pitman publishing U.K. News, 2nd edition, published by Pearson Limited, London, U.K.
- McGregor, D. (1960). *The Human Side of Enterprise*, New York, McGrawHill.
- Morisset, A.& Pirnia, G. (2011): *Dairy production systems in the Tropics*, ILRI, Nairobi.
- Muchai, B. (2011). “Rural Financial Services in Kenya”: What is working and why? Tegemeo Institute of Agriculture and Policy Development. Working Paper No 25 of 2006
- Muriuki, H. (2012). “Githunguri dairy farmers, Lessons in dairy development” – Case studies paper.
- Nyariki, M. (2009). Performance assessment in the context of multiple objectives. *A multivariate multilevel analysis* 6 ,29-48.
- Nyikal, R. (2010). “Financing Small Holder Agricultural Production in Kenya”: *An Economic Analysis of the Credit Markets*. Phd Thesis University of Nairobi
- Omore, A. & Staal, S. (2010). Development of smallholder dairying in Eastern African with particular reference to Kenya. A Paper prepared for the UZ/RVAU/DIAS/DANIDA-ENRECA Project Review Workshop, Harare, Zimbabwe.
- Organization for Economic Co-operation and Development (OECD). (2013). *African Economic Outlook 2010*. Paris: OECD Publishing.

- Osemeke, M. (2007). Banking Reforms in Nigeria and its Impact on Poverty Alleviation, *Journal of Business & Management Studies (JBMS)*, Ozoro, Nigeria: Delta state Polytechnic. Vol.2 No1p.72-81.
- Otieno, J. (2002) *Managing Finance* 4th Edition, Published By Harvard Business School Press New Jersey, U.S.A Pearson Limited, London, U.K.
- Owango, I. (2008). “*Dairy Cattle Husbandry among Women Farmers in Vihiga District*”: *Constraints and Prospects*. PhD Thesis University of Nairobi
- Oyeranti., A. (2004). Conceptual and Theoretical Issues in Private sector-led. *Journal of Change Management*, 2, 359.
- Perttinger, N., (2001) *Policing for Profit: The Private Security Sector*, Sage Publications, London.
- Phillips, R. (2004). *"Enhancing the effectiveness of organizational change"*. 3rd edition Australia: Unifortpty ltd.
- Pullan, W. (2000). *Structure, 6th Edition, Cambridge*: Cambridge University Press.
- Robbins, P. (2008), *Organizational behavior*, international Edition 11th edition Ashford Color Press, Hampshire.
- Saleemi, S. (1997) *Business Research Methods* (8th Ed) McGraw-Hill: New York
- Staal, P. (2010): Dairy development in Kenya dairy. The past, the present and the future. Paper prepared for the annual symposium of animal production society of Kenya 22nd – 23rd March 2000. Nairobi, Kenya.
- Stotz, D (2013). Production techniques and economics of smallholder livestock production system in Kenya. Nairobi, Kenya
- Techno Serve (2013). The dairy value chain in Kenya. Project report for the East Africa Dairy Development Program.
- Toney, P. (2003) Chicago School of Sociology: The Sage Dictionary of Criminology. London, Sage. Information Management, 20, 152 – 169
- Tonwe, D. (2008). *Public Administration, An introduction*. Ibadan, Nigeria Amfitop Books.
- Weber, M. (2007) *Theory of Social and Economic Organization*. The Free Press.
- Weihrich, H., & Koontz, H. (2005). *Management a Global Perspective*. India: Tata McGraw-Hill.

APPENDICES

APPENDIX I: QUESTIONNAIRE

Questionnaire on factors affecting dairy industry growth.

INTRODUCTION

Please tick appropriate in the box provided and for any explanation please be brief.

SECTION A: Background Information of Respondents.

1. Please indicate your gender.

Male ☐

Female ☐

2. Marital status

Married ☐

Widower ☐

Single ☐

Separated ☐

3. Age Bracket:

(Below 25 yrs) ☐

(26-35 yrs) ☐

(36-45 yrs) ☐

(46 yrs and above) ☐

4. Highest Level of Education:

Masters Degree ☐

Degree ☐

Diploma ☐

Certificate ☐

If others specify.....

5. Years of work Experience

- | | |
|-------------|-----|
| Below 1 Yr | [] |
| 1-4yrs | [] |
| 5-10 Yrs | [] |
| Over 10 Yrs | [] |

SECTION B: Tax Policy

6. Does tax policy affect the growth of Githunguri Dairy Farmers Cooperative Society?

- | | |
|-----|-----|
| Yes | [] |
| No | [] |

If yes explain

.....
.....

7. How does tax policy affect the growth of Githunguri Dairy Farmers Cooperative Society?

- | | |
|------------|-----|
| Positively | [] |
| Negatively | [] |
| No effect | [] |

8. To what extent does tax policy affect the growth of Githunguri Dairy Farmers Cooperative Society?

- | | |
|--------------|-----|
| Very largely | [] |
| Largely | [] |
| Moderately | [] |
| Low | [] |

Very low []

9. In your own option, state how tax policy affectsthe growth of Githunguri Dairy Farmers Cooperative Society?

.....
.....

SECTION C: Politics

10. Does politics affectthe growth of Githunguri Dairy Farmers Cooperative Society?

Yes []

No []

If yes explain

.....
.....

11. How does politics affect the growth of Githunguri Dairy Farmers Cooperative Society?

Positively []

Negatively []

No effect []

12. To what extent does politics affectthe growth of Githunguri Dairy Farmers Cooperative Society?

Very largely []

Largely []

Moderately []

Low []

Very low []

13. In your own option, state how politics affectsthe growth of Githunguri Dairy Farmers Cooperative Society?

.....
.....

SECTION D: Interest Rate

14. How important is interest rate onthe growth of Githunguri Dairy Farmers Cooperative Society?

Very important []

Important []

Not important []

15. Does interest rate affectthe growth of Githunguri Dairy Farmers Cooperative Society?

Yes []

No []

If yes explain

.....
.....

16. To what extent does interest rate affectthe growth of Githunguri Dairy Farmers Cooperative Society?

Very largely []

Largely []

Moderately []

Low []

Very low []

17. In your own option, state how interest rate affectsthe growth of Githunguri Dairy Farmers Cooperative Society?

.....
.....

SECTION E: Government Support

18. Does government support affectthe growth of Githunguri Dairy Farmers Cooperative Society?

Yes []

No []

If yes explain

.....
.....

19. To what extent does government support affectthe growth of Githunguri Dairy Farmers Cooperative Society?

To a very large extent []

To a large extent []

To a moderate extent []

To a low extent []

To a very low extent []

20. How does government support affectthe growth of Githunguri Dairy Farmers Cooperative Society?

Positively []

Negatively []

No effect []

21. In your own option, state how government supports affectsthe growth of Githunguri Dairy Farmers Cooperative Society?

.....
.....

***** *Thank you for your time* *****